

**STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

IN RE: PETITION OF NOBLE ENERGY, INC., FOR AN EXCEPTION TO 312 IAC 16-5-1, THE GENERAL OIL AND GAS WELL SPACING RULES AND 312 IAC 16-5-2, THE GENERAL OIL AND GAS DRILLING UNIT SIZE RULES

PETITION

COMES NOW the Petitioner, Noble Energy, Inc., on behalf of itself and the owners of the leasehold interests set out herein, by attorney Karen J. Anspaugh, and respectfully shows the Commission of the Department of Natural Resources of the State of Indiana the following:

1. Petitioner owns or is the duly authorized representative of various interests, including working interests and royalty interests, in the oil, gas and coalbed methane leaseholds covering all of the land known as the Ellerman 1-5 CBM Drilling Unit, described as follows (hereinafter "Affected Area"):
 - o The North Half of the Southeast Quarter of Section 5, Township 6 North, Range 9 West, Sullivan County, Indiana, containing 80.00 acres, more or less.

Attached hereto and incorporated herein are the following Exhibits:

Exhibit A: List of Leasehold Interests
Exhibit B: Map of Affected Area
Exhibit C: Operative Oil and Gas Leases and Unitization Agreement with the State of Indiana, which grant Lessee produce coalbed methane

2. As allowed by 312 IAC 16-5-3, Petitioner herein seeks an exception to 312 IAC 16-5-1, the General Oil and Gas Well Spacing Rules, and 312 IAC 16-5-2, the General Oil and Gas Drilling Unit Size Rules. The variances requested are within the scope of 312 IAC 16-5-3, which does not prescribe minimum distances allowed between wells or maximum acreage allowed in a drilling unit. Said variances are for the following described purposes:
 - a) To eliminate spacing restrictions applicable to coalbed methane wells so that five (5) or more wells may be located within the drilling unit; however, Petition shall drill no well within three hundred thirty (330) feet from any unconsolidated property boundary;
 - b) To establish a drilling unit containing 80.00 acres, more or less, for coalbed methane drilling in the Affected Area.

3. Petitioner herein respectfully submits to the Commission that said exceptions are supported by regional and geological characteristics and would allow the most efficient and economical recovery of coalbed methane gas:
 - a) During drilling and initial testing in and near the Affected Area, commercial quantities of coalbed methane were encountered;
 - b) Drilling coalbed methane wells in the manner described herein can effectively and economically recover the resources within an 80.00 acre drilling unit;
 - c) The proposed exceptions to the General Oil and Gas Well Spacing Rules and General Oil and Gas Well Drilling Unit Size Rules will not result in a loss of resources within the Affected Area but will enhance recovery.
4. Petitioner is ready and willing to supply the Commission or its representatives such further and additional information as may be pertinent or relative to consideration of the above described well spacing and unit size variances within the Affected Area, either at or prior to consideration of this Petition.
5. Petitioner represents that to the best of its knowledge and belief, it would be in the best interests of conservation and the preservation and utilization of petroleum resources to grant the exceptions requested in Sections 2 (a) and 2 (b) above.
6. Petitioner represents that to the best of its knowledge and belief, ownership in the coal underlying the Ellerman 1-5CBM Drilling Unit has not been severed from the surface estate.
7. Petitioner represents that to the best of its knowledge and belief, there are no current coal leases pertaining to any portion of the land contained in the Ellerman 1-5CBM Drilling Unit.
8. Petitioner represents that two (2) operative Oil and Gas Leases cover land located in the Ellerman 1-5CBM Drilling Unit as well as one (1) Unitization Agreement with the State of Indiana.
 - a) The first operative Oil and Gas Lease, which covers Tract 012, is between Edward Ellerman and Nellie M. Ellerman, husband and wife, as Lessor, and Noble Energy Production, Inc., as Lessee. Said Lease defines "gas" as including, but is not limited to, helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases such as casinghead gas, hydrogen sulfide gas, coalbed methane gas, gob gas and all natural gas originating, produced or emitted from coal formations or seams, and any related, associated or adjacent rock material.
 - b) The second operative Oil and Gas Lease, which covers Tract 023, is between the Town of Carlisle, as Lessor, and Noble Energy Production, Inc., as Lessee. Said Lease covers oil and/or gas and associated hydrocarbons.


- c) The Unitization Agreement, which covers Tract 1-1B, is between the State of Indiana, as Lessor, and Elysium Energy, LLC, now Noble Energy, Inc., as Lessee. A Memorandum of Unitization Agreement is dated August 27, 2008. Said Unitization Agreement defines "Oil and Gas Rights" as the right to explore, develop and operate lands within the Unit Area for the production of Unitized Substances or to share in the production so obtained or the proceeds thereof. Further, the Unitization Agreement defines "Unitized Substances" as all oil, gas, gaseous substances, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formations underlying the Unit from and after the Effective Date of Unitized Participation determined in accordance with this Lease.

Therefore, Petitioner prays that, through an informal hearing, the above described exceptions to 312 IAC 16-5-1 and 312 IAC 16-5-2 be authorized and established, according to any further terms and conditions as the Commission may impose in its Order establishing such unit and spacing.

Respectfully submitted,

NOBLE ENERGY, INC.

By:



Karen J. Anspaugh #18975-49
49 Boone Village, Suite 168
Zionsville, Indiana 46077
ATTORNEY FOR PETITIONER

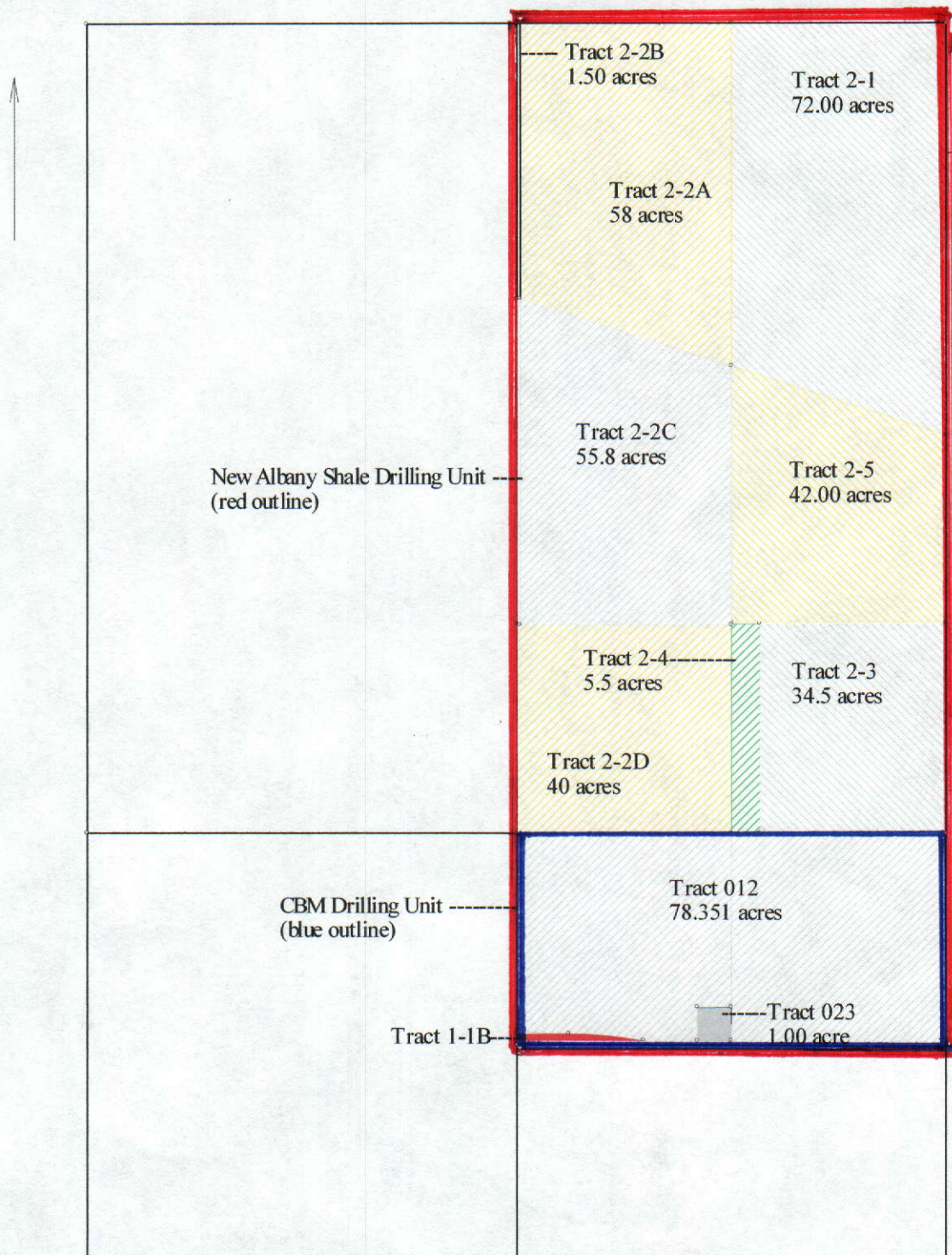
For Notification:

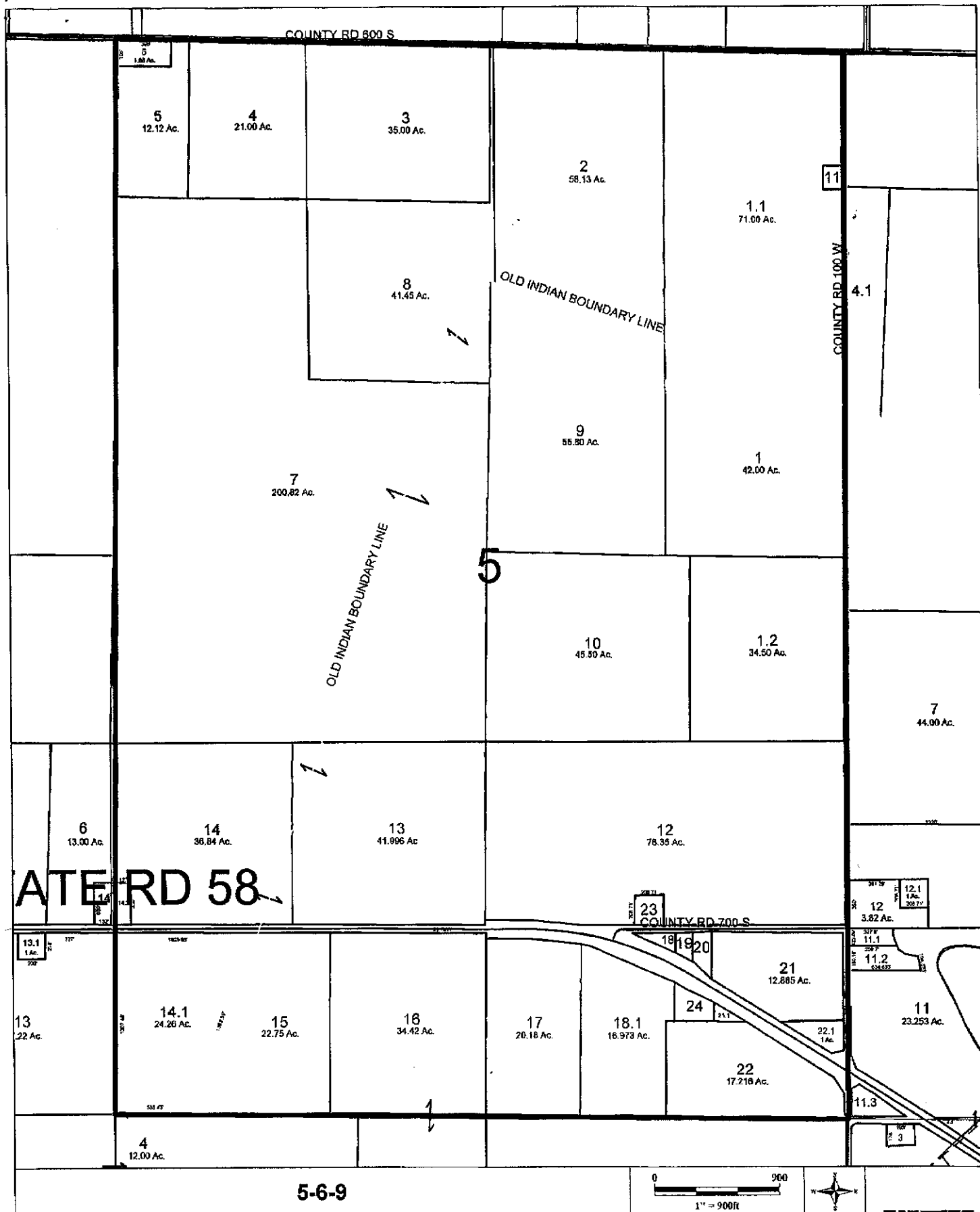
Noble Energy, Inc.
Attn: Jim Curry
100 Glenborough, Suite 100
Houston, Texas 77067

EXHIBIT "A"
SCHEDULE OF LEASEHOLD INTERESTS
Ellerman 1-5CBM Drilling Unit: The North Half of the Southeast Quarter of Section 5, Township 6 North, Range 9 West
Sullivan County, Indiana

Tract	Acres	Last Name	First Name	Address	City	State	Zip Code
Leased Acreage:							
1-1B	0.649	State of Indiana		Department of Natural Resources	Indianapolis	Indiana	46204
012	78.351	Ellerman	Ellie	303 North Alexander Street	Carlisle	Indiana	47838
023	1.000	Town of Carlisle		One West Jackson	Sullivan	Indiana	47882
	80.000	TOTAL ACRES IN DRILLING UNIT					

EXHIBIT "B"
The North Half of the Southeast Quarter of
Section 5, Township 6 North, Range 9 West, Sullivan County, Indiana





This property ownership map is for tax purposes only. It is not intended for conveyances, nor is it a legal survey.

WTH
ENGINEERING

EXHIBIT "C"
Copies of Operative Oil and Gas Leases Covering Land in Drilling Unit

Attached Hereafter

Brenda Howard
SULLIVAN County Recorder IN
IN 200603057 L O & G
09/20/2006 11:51:17 5 PGS
Filing Fee: \$19.00

OIL AND GAS PAID UP LEASE

THIS AGREEMENT, made and entered into this 17th day of January, 2006, by and between
Edward F. Ellerman and Nellie M. Ellerman, husband and wife
whose address is 303 N. Alexander St., Carlisle, Indiana 47838
hereinafter called Lessor (whether one or more), and Noble Energy Production Inc., whose address is 1625 Broadway, Suite 2000,
Denver, Colorado 80202 hereinafter called Lessee;

WITNESSETH:

1. That the said Lessor, for and in consideration of Ten and More Dollars, cash in hand paid, receipt and adequacy of which are hereby acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee the land covered hereby for the purposes of investigating, exploring, prospecting, drilling (either horizontally, vertically, or directionally), developing, operating, producing, marketing, and transporting oil and gas along with all hydrocarbon and non-hydrocarbon substances (including sulphur) produced in association therewith. The term "oil" as used herein includes condensate and all other liquid hydrocarbons. The term "gas" as used herein includes, but is not limited to, helium, carbon dioxide, and other commercial gases, as well as hydrocarbon gases such as casinghead gas, hydrogen sulfide gas, coalbed methane gas, gob gas, and all natural gas originating, produced, or emitted from coal formations or seams, and any related, associated, or adjacent rock material. Lessor further grants, leases and lets exclusively unto Lessee said land for the purposes of injecting gas, waters, other fluids, air and any other substances into subsurface strata, conducting all types of recovery operations, establishing and utilizing facilities for the disposition of salt water and other waste materials, laying pipelines, storing leased substances, building roads, bridges, tanks, power lines, telephone lines and any other structures and things thereon to produce, save, take care of, treat, process, store and transport said leased substances and other products manufactured therefrom, and housing and otherwise caring for its employees, together with such rights and easements in said land necessary or useful in lessee's oil and gas operations on said land or adjoining lands, together with the right to transport through or over the property hereby leased any and all oil and gas produced by lessee, its successors and assigns, from other property, including the right of way and easement to lay, construct, use, maintain, operate, change, replace and remove pipeline or pipelines for such transportation and with the right to cross any adjacent or contiguous lands of Lessor by use of existing roads or otherwise in order to have ingress and egress to and from said land to carry out such purposes. The land covered hereby is located in Sullivan County, Indiana and is described as follows, to wit:

See Attached Exhibit "A"

(hereinafter called the Land) being estimated to comprise 371.942 acres, whether more or less, which acreage figure may be relied upon by Lessee in calculating payments hereunder. Notwithstanding the above specific description, it is nevertheless the intention of Lessor to include within this lease, and Lessor does hereby lease, all lands now owned, claimed, or hereafter acquired by Lessor up to the boundaries of any abutting landowner (including any vacancies), together with any and all of Lessor's interest in any lands underlying lakes, streams, roads, easements and rights-of-way which cross or adjoin the Land, including all land added thereto by accretion.

2. It is agreed that this is a paid up lease and shall remain in force for a term of Three (3) years from the date written above, (herein called the primary term) and as long thereafter as oil and gas, or either of them, are produced or capable of being produced from the Land or lands with which the Land is pooled, consolidated, or unitized hereunder, or so long as Lessor is engaged in drilling operations or reworking operations thereon or on lands pooled, consolidated or unitized therewith, or this lease is continued in force by any other provision hereof. If Lessee's operations are delayed or interrupted as a result of any coal mining

2

operations affecting the Land or any portion thereof, including any lands pooled or unitized therewith, such delay will automatically extend the primary term of this lease for a period of time equal to any delay or interruption.

3. Lessee agrees to deliver to the credit of Lessor into the pipeline or storage tanks to which the well may be connected, one-eighth (1/8th) part of all oil produced and saved from the Land, or, from time to time, at the option of the Lessee, the market price at the well of such one-eighth (1/8th) part of all oil produced and saved from the Land. Lessee shall pay Lessor for gas produced and saved from the Land, a royalty equal to one-eighth (1/8th) of the net proceeds realized by Lessee from the sale thereof, computed at the wellhead. Lessor shall pay a proportionate part of all ad valorem, excise, occupation, depletion, privilege, license, severance, processing, production or other taxes now or hereafter levied, or assessed or charged on oil or gas produced from the Land. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut-in and there is no current production of oil or operations on the Land (or lands with which all or a part of the Land is pooled) sufficient to keep this lease in force, Lessee shall pay or tender a royalty of Two Hundred Fifty Dollars (\$250.00) per year for each shut-in gas well, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in and thereafter on the anniversary date of this lease during the period such well is shut-in, to the royalty owners. When such payment or tender is made, it will be considered that gas is being produced within the meaning of the entire lease.

4. If at expiration of the primary term no oil or gas is being produced on the Land or on lands pooled, consolidated, or unitized therewith, but Lessee is then engaged in drilling operations or reworking operations thereon (or on acreage pooled, consolidated, or unitized therewith) this lease shall remain in force so long as such operations or additional operations (whether on the same well or on different wells successively) are commenced and prosecuted with reasonable diligence and dispatch with no cessation of more than one hundred twenty (120) consecutive days and, if they result in the production of oil or gas, so long thereafter as any oil or gas is produced thereunder from the Land. It is agreed, however, that no implied covenant shall be read into this lease requiring Lessee to drill or to continue drilling on the Land, or fixing the measure of diligence therefor. Drilling operations shall be deemed to be commenced when the first material is placed on the Land or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.

5. Lessee is hereby granted the right at any time and from time to time, as a recurring right either before or after production, to pool, consolidate, and unitize the Land or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production of oil or gas. However, no unit for the production primarily of oil shall embrace more than 80 acres, or for the production primarily of gas (with or without distillate) more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations or declarations of pooling in the county in which the Land is located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the Land, whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided and except that in calculating the amount of any shut-in gas royalties, only that part of the acreage originally leased and then actually embraced by this lease shall be counted. With respect to the production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of Lessor's acreage hereunder which is placed in the unit, or his royalty interest therein on an acreage basis, bears to the total acreage in the unit.

6. Lessee shall, without cost, have the right to use oil, gas and water produced from or stored on the Land for Lessee's operations, except that Lessee shall not be entitled to use water from Lessor's domestic water well and Lessee, when requested in writing by any Lessor owning an interest in the surface, shall bury, if reasonable and practical, all pipelines crossing cultivated lands off the well sites below ordinary plow depth. Lessee agrees that no well shall be drilled within two hundred (200) feet of any occupied residence located on the Land as of the date of this lease without the Lessor's consent. Lessee shall pay Lessor for all damages directly caused by Lessee's drilling operations on the Land to Lessor's growing crops, trees, and fences. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed in, on or under the Land by Lessee, including the right to draw and remove all casing and pipelines.

7. The rights of each party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, devisees, successors and assigns, but no change or division in the ownership of the Land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished with a certified copy of a recorded instrument or instruments evidencing such change of ownership. In the event of assignment hereof in whole or in part, liability for breach of any obligation issued hereunder shall rest exclusively upon the owner of this lease, or portion thereof, who commits such breach. In the event of the death of any person entitled to royalties hereunder, Lessee may pay or tender such royalties to the credit of the deceased, until such

time as Lessee has been furnished with the proper evidence of the appointment and qualification of an executor or an administrator of the estate, or if there be none, then until Lessee is furnished satisfactory evidence as to the heirs or devisees of the deceased, and that all debts of the estate have been paid. If at any time two (2) or more persons become entitled to participate in the royalty payable hereunder, Lessee may pay or tender such royalty jointly to such persons; or, at the lessee's election, the portion or part of said royalty to which each participant is entitled may be paid or tendered to him separately; and payment or tender to any participant of his portion of the royalties hereunder shall maintain this lease as to such participant. In the event of an assignment of this lease as to a segregated portion of the Land and default in royalty payment by one shall not affect the rights of other leasehold owners hereunder. If the Land is now or shall hereafter be owned severally or in separate tracts, the premises nevertheless shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage.

8. Lessee, and Lessee's successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor, or Lessor's heirs or successors and assigns, by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which the Land is situated; thereupon, Lessee shall be relieved of all obligations, expressed or implied, of this lease as to the acreage so surrendered, and thereafter the shut-in payments payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

9. Lessor agrees that should Lessee be advised of or receive notice of an adverse claim or of defective title affecting the Land covered hereby which could affect all or a part of the payments due hereunder, then Lessor expressly authorizes Lessee, at Lessee's sole discretion, and without liability, to withhold payment and delivery of all Lessor's such payments or production in kind hereunder, without interest or penalty, until such time as said adverse claim is resolved or title cured by a final decree in a court of competent jurisdiction. Or, Lessee may file an interpleader action and pay Lessor's payments or production in kind as directed by a court of competent jurisdiction until such time as said court determines and authorizes the proper distribution of said payments or payments in kind to the parties involved. Lessor agrees that in no event shall Lessee's withholding of payment or its payments made as directed by a court of competent jurisdiction constitute a default by Lessee. Lessor further agrees that Lessee shall in no event be liable for interest, conversion, penalty, or wrongful withholding of such suspended amounts. In the event of production hereunder, Lessor agrees to execute a division order confirming his interest herein.

10. The breach by Lessee of any obligations arising hereunder shall not work a forfeiture or termination of this lease, nor cause a termination or reversion on the estate created hereby, nor be ground for cancellation hereof, in whole or in part, unless Lessor shall notify Lessee in writing of the specific facts relied upon in claiming a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument, and if Lessee shall fail to do so then Lessor shall have grounds for action in a court of law or such remedy to which he may be entitled.

11. Lessor hereby warrants and agrees to defend the title to the Land and agrees also that Lessee at its option may discharge any tax, mortgage, or other liens or encumbrances upon the Land either in whole or in part, and in the event Lessee does so, it shall be subrogated to such liens with the right to enforce same and apply royalties accruing hereunder towards satisfying same. Without impairment of Lessee's rights under the above warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas in or under the Land, less than the entire fee simple estate, then the royalties, shut-in royalties, and bonus to be paid to Lessor shall be reduced proportionately. Lessor agrees that during the primary term of this lease, it will not grant a top lease to any third party without first giving Lessee the right to acquire such top lease on the same terms, conditions, and for the same consideration being afforded by third party.

12. Should Lessee be prevented from complying with any expressed or implied covenant of this lease, from conducting drilling or reworking operations thereon or on lands pooled therewith or from producing oil or gas therefrom or from lands pooled therewith, by reason of scarcity of, or inability to obtain or to use pipelines, equipment or material, explosions, breakage of or accident to machinery, equipment, or lines of pipe, the inability to acquire, or the delays in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights of way, permits, licenses, approvals and authorizations by regulatory bodies as may be necessary in order that obligations assumed hereunder may be lawfully performed in the manner contemplated, or by market conditions which (in Lessee's sole judgement) render sales of oil or gas unprofitable or imprudent, or by operation of force majeure, or because of any federal or state law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on, or from producing oil or gas from the Land or lands pooled therewith; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this lease to the contrary notwithstanding.

13. The undersigned hereby release and relinquish all rights of dower, courtesy, or other spousal interest and homestead in the Land, insofar as said right of dower, courtesy, spousal interest and homestead may in any way affect the purposes for which this lease is made as recited herein.

EEF

4

14. This lease may, at Lessee's option, be extended as to all or part of the Land covered hereby for an additional primary term of ~~Three~~ (3) years commencing on the date that this lease would have expired, but for the extension. Lessee may exercise its option by paying or tendering to Lessor an extension payment of \$25.00 per net mineral acre for the Land then covered by the extended lease. Said bonus is to be paid or tendered to the Lessor at the last known address of Lessor. If Lessee exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the date of this lease and continuing from that date to the end of the extended primary term. If Lessee's operations are delayed or interrupted as a result of any coal mining operations affecting the Land or any portion thereof, including any lands pooled or unitized therewith, such delay will automatically extend the primary term of this lease for a period of time equal to any delay or interruption. Lessor hereby grants any such extensions of this lease without necessity of an amendment to said lease.

15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in title of said Lessor or Lessee.

16. _____

IN WITNESSETH WHEREOF, this instrument is executed on the date first above written.

LESSOR:

LESSOR:

Edward Ellerman Nellie M. Ellerman
EDWARD ELLERMAN NELLIE M. ELLERMAN

ACKNOWLEDGEMENT FOR INDIVIDUAL

STATE OF INDIANA
COUNTY OF SULLIVAN

The foregoing instrument was acknowledged before me this 19th day of January, 2006, by

Edward F. Ellerman & Nellie M. Ellerman, H/w

My Commission expires: March 29, 2012



SUE REYNOLDS
Resident of Vanderburgh County, IN
Commission Expires: March 29, 2012

Sue Reynolds
Sue Reynolds, Notary Public
Vanderburgh County, IN

Prepared by: Noble Energy Production, Inc. whose address is: 1625 Broadway, Suite 2000, Denver, CO 80202

"I AFFIRM UNDER THE PENALTIES FOR PERJURY
THAT I HAVE TAKEN REASONABLE CARE TO REDACT
EACH SOCIAL SECURITY NUMBER IN THIS
DOCUMENT, UNLESS REQUIRED BY LAW"

NAME: Jodie Crow

Exhibit "A"

The South part of the Northeast quarter of the Southeast quarter of Section 13, Township 7 North, Range 9 West, containing 7.5 acres, more or less. Also the South part of the Southeast quarter of the Northeast quarter and the North part of the Northeast quarter of the Southeast quarter of Section 13, Township 7 North, Range 9 West, containing 49 acres, more or less. For a combined total of 56.5 acres.

The Northwest quarter of the Southwest quarter of Section 18, Township 7 North, Range 8 West, containing 47 acres, more or less.

The Center part of Lot 6 of Section 18, Township 6 North, Range 9 West. Also Part Location 6 & 7 and Pt Location 8 of Section 18, Township 6 North, Range 9 West.

The North Half of the Southwest of Fractional Section 5, Township 6 North, Range 9 West, containing 41.996 acres, more or less.

The Northeast quarter of the Southeast quarter of Section 5, Township 6 North, Range 9 West, containing 40 acres, more or less. Also Part Northwest quarter of the Southeast quarter of Section 5, Township 6 North, Range 9 West, containing 38.351 acres, more or less. For a combined total of 78.351 acres.

The West Half of the Southeast quarter of Section 28, Township 7 North, Range 10 West, containing 80 acres, more or less.

Part North Part Southeast of Section 24, Township 6 North, Range 10 West, containing 13.30 acres, more or less.

The Northeast corner of Fractional Section 19, Township 6 North, Range 9 West, containing 5 acres, more or less.

Note : All Above descriptions are more particularly described in Instrument Number 2006-00110

Brenda Howard
SULLIVAN County Recorder IN
IN 2807201385 L O & G
04/18/2007 11:45:54 6 PGS
Filing Fee: \$21.00

SURFACE USE NON-DEVELOPMENT OIL AND GAS LEASE

This Lease is made and entered into this 5TH day of April, 2007 by and between the Town of Carlisle, by and through its Board of Trustees, hereinafter called "Lessor" and Noble Energy Production, Inc., whose address is 1625 Broadway, Suite 2000, Denver, Colorado, 80202, hereinafter called "Lessee". For and in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged; Lessor does hereby grant, leases and let unto Lessee, (or Lessee's successors and assigns), the oil and/or gas and associate hydrocarbons, if any, and the right to produce the same from beneath and under the following described Real Estate located in the State of Indiana, County of Sullivan, Township of Haddon, and more particularly described as follows, and hereinafter referred to as "Real Estate:"

Tax Map Parcel 77-14-05-000-023.000-009, being a portion of T6N-R9W Section 5: a portion of the NWSE: commencing at the SE corner of the NWSE of said Section 5; thence North 00 degrees 23 minutes West a distance of 25 feet to the point of the beginning, said point is on the North right-of-way line of Indiana State Highway #59; thence South 89 degrees 51 minutes West on and along said right-of-way a distance of 208.71 feet; thence North 00 degrees 23 minutes West a distance of 208.71 feet; thence North 89 degrees 51 minutes East a distance of 208.71 feet; thence South 00 degrees 23 minutes East a distance of 208.71 feet to the point of beginning. Said tract contains 1.00 acres.

SUBJECT to all legal highways and rights-of-way. Subject to deed of conveyance to the State of Indiana, dated July 5, 1966 and recorded in Deed Record 212, page 504 in the Office of the Recorder, Sullivan County, Indiana, (hereinafter referred to as "Real Estate").

Lessor believes that the Town of Carlisle is the owner of the oil and gas located beneath the Real Estate. Nevertheless, Lessor does not expressly or impliedly warrant title to the Real Estate, including but not limited to, the coal or the oil and gas.

1. Prior to Lessee commencing operations under the surface of the Real Estate and prior to including the Real Estate in a drilling unit established for the production of oil and/or gas and associated hydrocarbons, the Lessor shall provide upon written request of the Lessee, any abstract of title Lessor may have (if any) to the Real Estate. Lessee shall have, at Lessee's cost and expense, said abstract of title brought up to date. Lessee shall have a competent attorney, at Lessee's cost and expense, examine such abstract of title to determine whether Lessor has good title to the Real Estate, including the surface of the Real Estate and the mineral estate underlying the Real Estate. If

If a defect of title exists, Lessor shall cooperate in correcting such title defect to the Real Estate, although, Lessor shall not be required to incur any expense in correcting such title defects. Lessee shall, within a reasonable period of time, return Lessor's abstract of title to Lessor.

2. The parties acknowledge that the Town of Carlisle has its water treatment plant located upon the Real Estate. For the purposes of this oil and gas lease, a mortgage lien or similar lien related to the financing of said water treatment plant shall not be a defect.

3. The term of this Lease shall be three (3) years from and after the date of its execution and so long as oil and gas is produced from the Real Estate or land communitized or pooled with the Real Estate with no cessation for more than ninety (90) days, provided, however, that in no event shall this lease terminate if production of oil and/or gas from a well located on said land, or on lands pooled therewith, has not permanently ceased. If operations commenced during the primary term are discontinued less than 90 days before the end of the term, this lease shall not terminate at the end of the primary term if operations are again conducted within 90 days after the discontinuance. Whenever used in this lease the word "operations" shall refer to any of the following and any activities related thereto: preparing location for drilling, drilling, testing, completing, equipping, reworking, recompleting, deepening, plugging back or repairing of a well in search of or in an endeavor to obtain production of oil and/or gas, and production of oil and /or gas whether or not in paying quantities. Lessee may obtain a three (3) year extension of the initial three (3) year term by tendering and paying to Lessor the same amount it paid for the initial three (3) year term with such payment being made prior to the expiration of the initial three (3) year term.

4. Lessee agrees to deliver to the credit of Lessor into the pipeline or storage tanks to which the well may be connected, one-eighth ($1/8^{th}$) part of all oil produced and saved from the Real Estate or from, time to time, at the option of the Lessee, the market price at the well of such one-eighth ($1/8^{th}$) part of all oil produced and saved from the Real Estate. Lessee shall pay Lessor for gas produced and saved from the Real Estate, a royalty equal to one-eighth ($1/8^{th}$) of the net proceeds realized by Lessee from the sale thereof, computed at the wellhead. Lessor shall pay Lessor's proportionate part of all ad valorem, excise, occupation, depletion, privilege, license, severance, processing, production or other taxes now or hereafter levied, assessed or charged on oil or gas produced from the Real Estate. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut-in and there is no current production of oil or gas operations on the Real Estate (or lands with which all or a part of the Real Estate is pooled) sufficient to keep this lease in force, Lessee shall pay or tender a royalty of Five Hundred Dollars (\$500.00) per year for each shut-in gas well. Such payment or tender shall be made to the royalty owner on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days

3

from the date such well is shut-in and thereafter on the anniversary date of this lease during the period such well is shut-in. When such payment or tender is made, it will be considered that gas is being produced within the meaning of the entire lease.

5. This is a surface non-development oil and gas lease, whereby Lessee, its successors or assigns, shall not conduct drilling operations, as defined herein, on the surface of said Real Estate without first obtaining the express written consent of Lessor. However, Lessee shall have the right to produce from and to pool or communitize said Real Estate, or any part thereof, with other lands to comprise an oil and/or gas drilling unit and/or development unit.

6. Lessee hereby agrees to and shall indemnify and hold harmless the Lessor from and against any and all claims for damages resulting from environmental damages arising from the presence of hazardous materials on, about or under the Real Estate or migrating to the Real Estate caused by Lessee's operations on the Real Estate or arising from the violation by Lessee of any Federal and State environmental laws or Lessee's violation of any codes, regulations or orders pertaining to the Real Estate or activities thereon. This indemnification of the Lessor by Lessee includes any and all reasonable legal costs and fees incurred by the Lessor in connection with any such claims, actions or proceedings and Lessee shall clean up and remedy any environmental damages caused by Lessee's operations. Further, Lessee agrees to and shall hold harmless, defend and indemnify Lessor from and against any and all liabilities, claims, losses, remedies, damages, cause of action, costs and expenses (including attorney's fees) asserted against or incurred by Lessor in any way arising out of or connected with or resulting from (i) a breach of this lease by Lessee, or (ii) any drilling, exploration, construction, production, operation or any other activity conducted on the Real Estate covered by this lease or lands pooled therewith by or on behalf of Lessee, its agents, contractors or employees.

7. Prior to the commencement of drilling operations in association with any well on the Real Estate or any land pooled or communitized with the Real Estate, Lessee shall deliver to Lessor a certificate of insurance evidencing that the Lessee has general liability insurance of at least \$1,000,000, excess liability insurance or umbrella insurance of at least \$2,000,000 for each occurrence, worker's compensation and employer's liability insurance of at least \$1,000,000. Lessor shall be named as an additional insured in such policies of insurance and a certificate evidencing such insurance coverage shall be delivered prior to any drilling operation on the Real Estate or any land pooled or communitized with the Real Estate. Lessee shall maintain said insurance coverage, including naming Lessor as a named insured and current certificates of insurance evidencing such coverage so long as Lessee is conducting drilling operations on the Real Estate or so long as Lessee is producing or attempting to produce oil and/or gas and associated hydrocarbons from said Real Estate or any land pooled or communitized with the Real Estate.

4

8. Special Provisions Regarding Water Plant: Lessor states that a water treatment plant owned by the Town of Carlisle is located on the Real Estate. This plant treats water for Lessor's water utility, which services the Town of Carlisle and the surrounding community, including the Wabash Valley Correctional Facility which has a prison operated by the State of Indiana. Any interruption of the water supply thereto may require large amounts of potable water to be delivered by truck to said Correctional Facility. Accordingly, Lessee acknowledges that if its oil and gas operations interfere with the water treatment plant located on the Real Estate, Lessee shall be financially responsible and liable for any loss or expense to Lessor, including but not limited to, the costs associated with delivering substantial amounts of potable water to the Wabash Valley Correctional Facility and other water customers of the Town of Carlisle. The term "interruption" as utilized herein, shall be defined as a measurable and documented diminution of the volume of water the treatment plant is able to produce. Records reflecting the same shall be made available to Lessee for their inspection prior to assumption of responsibility for correction. Further, an "interruption" shall include an adverse impact upon the quality of the water produced from the treatment plant. The quality of water shall be determined by a test performed by the local health department and the results shall be made available to all interested parties. If remedial measures are necessary, Lessee shall act promptly and with due diligence. Lessor agrees to consider methods of correction suggested by the Lessee, which may be more cost effective and expedient.

9. Special Provisions Regarding Conflict Resolution: Both Lessor and Lessee agree to enter in binding arbitration and agree not to litigate any potential conflicts in a court of law. The cost of arbitration shall be paid by each participant unless a party is found by the arbitrator to have acted maliciously and without a legitimate basis of complaint.

10. Special Provisions Regarding Location of Operator's Equipment: Lessee acknowledges that it will not locate any equipment within two hundred (200) feet of any boundary line of the Real Estate. This prohibition specifically includes, but is not limited to, any device used by Lessee for flaring gas.

IN WITNESS WHEREOF this Oil and Gas Lease is executed as of the day and year first written above.

Town of Carlisle
Board of Trustees

By: Bill Orr
Bill Orr, Trustee

By: Rick WhiteShake
Rick WhiteShake, Trustee

Noble Energy Production, Inc.

By: Charles Carter

5
By: Azalia Barfield
Azalia Barfield, Trustee

ACKNOWLEDGEMENT FOR INDIVIDUAL

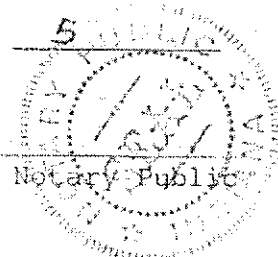
STATE OF INDIANA
COUNTY OF SULLIVAN

The foregoing instrument was acknowledged before me this
day of Apr, 2007, by William S Phegley Bill Orr

My Commission expires 12-13-09

William S Phegley

Notary Public



ACKNOWLEDGEMENT FOR INDIVIDUAL

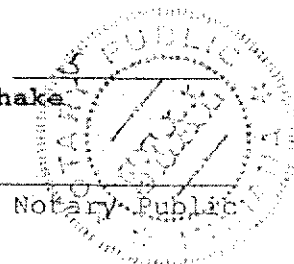
STATE OF INDIANA
COUNTY OF SULLIVAN

The foregoing instrument was acknowledged before me this
day of Apr, 2007, by William S Phegley Rick WhiteShake

My Commission expires 12-13-09

William S Phegley

Notary Public



ACKNOWLEDGEMENT FOR INDIVIDUAL

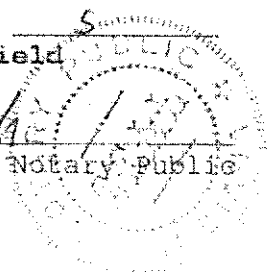
STATE OF INDIANA
COUNTY OF SULLIVAN

The foregoing instrument was acknowledged before me this
day of Apr, 2007, by William S Phegley Azalia Barfield

My Commission expires 12-13-09

William S Phegley

Notary Public



STATE OF COLORADO
COUNTY OF DeWelle

I, Donna Howland, a Notary Public, do hereby certify that Charles ~~Countryman~~ personally know to me to be the same person whose name appears as the attorney in fact of Noble Energy Production, Inc. ~~Noble Energy Production, Inc.~~ subscribed to the foregoing instrument and appeared before me this day in person and acknowledged that he/she, is authorized to subscribe the foregoing instrument, by and on the behalf of the **Noble Energy Production, Inc.** Given under my hand and seal this 17th, day of April, 2007.

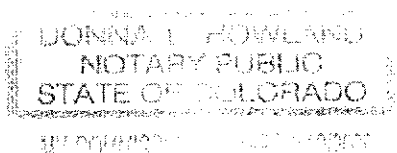
My Commission expires _____ 20__.

Signature *[Handwritten Signature]*

Notary Public

Printed:

Residing in Calaveras County



I affirm under penalty of perjury that I have taken reasonable care to redact each social security number in this document unless required by law.

[Signature]

STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

2007

STATE LAND UNITIZATION AGREEMENT
ELLERMAN 1-5H UNIT

THIS AGREEMENT, made and entered into by and between Elysium Energy, L.L.C., Post Office Box 310, Crossville, Illinois 62827, hereinafter referred to as "LESSEE," and the STATE OF INDIANA, acting herein by and through the Indiana Department of Natural Resources, hereinafter referred to as "STATE."

WITNESSETH:

WHEREAS, LESSEE owns certain oil and gas leasehold estates located in Section 5, Township 6 North, Range 9 West, Sullivan County, Indiana, more fully described on Exhibit "A" attached hereto, which lands lie adjacent to State Highway 58. STATE is the owner of said adjacent lands, also described on Exhibit "A" attached hereto. Said lands of LESSEE and STATE are depicted on the map set forth in Exhibit "B" attached hereto.

WHEREAS, it is the desire of the parties to enter into an Oil and Gas Lease and Unit Lease Agreement for the purpose of cooperative exploration, development and operation of the lands hereinafter described for oil, gas and other petroleum hydrocarbons and for the purpose of the exploration, development and operation of said lands as a unit as hereinafter set forth; and for the other purposes as hereinafter defined.

NOW, THEREFORE, pursuant to the provisions of Indiana Code 14-38-1-17 and all other applicable laws and statutes, and in consideration of the mutual covenants and agreements herein contained, including sharing the proceeds of production of Unitized Substances attributable to the Unit Area in a manner hereinafter indicated, the parties hereto do mutually covenant and agree as follows:

- 1.1 "Oil and Gas Rights" means the right to explore, develop and operate lands within the Unit Area for the production of Unitized Substances or to share in the production so obtained or the proceeds thereof.
- 1.2 "Outside Substances" means all substances obtained from any source other than the Unitized Formations and which are injected into the Unitized Formations.
- 1.3 "Tract" means each parcel of land in the Unit described as such and given a tract designation as set forth in Exhibit "B" attached hereto.
- 1.4 "Tract Participation" means that percentage of the Unitized Substances produced from the Unit and allocated to a Tract under this Lease.
- 1.5 "Unit Area" means the entire area encompassed within the Unit, as depicted in Exhibit "B" attached hereto. The name of the Unit Area shall be as follows: **ELLERMAN 1-5H UNIT**
- 1.6 "Unit Operations" means all operations conducted by Unit Operator pursuant to this Lease for or on account of the development and operation of any of the Unitized Formations for the production of Unitized Substances.
- 1.7 "Unit Operator" means Elysium Energy, L.L.C., or such other person or persons who may be designated as operator pursuant to the selection of any successor operator by the owners of the Oil and Gas Rights within the Unit.
- 1.8 "Unitized Formations" means those subsurface portions of the Unit Area being operated for the production of oil, gas, or other hydrocarbons while this Lease is in force.

- 1.9 "Unitized Substances" means all oil, gas, gaseous substances, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formations underlying the Unit from and after the Effective Date of Unitized Participation determined in accordance with this Lease.

CREATION OF UNIT

- 2.1 **Oil and Gas Rights Unitized:** Subject to the provisions of this Lease, all Oil and Gas Rights of STATE and all Oil and Gas Rights of LESSEE in and to any and all of the lands within the Unit Area as depicted in Exhibit "B" are hereby unitized and pooled so that Unit Operations may be conducted with respect to Unitized Substances without respect to property lines separating the Tracts comprising the Unit Area.
- 2.2 **Title Unaffected by Unitization:** Nothing herein shall be construed to result in the transfer of any fee title by STATE or by LESSEE to each other or to any other person. This instrument creates Oil and Gas Rights to allow exploration and production of oil, gas and other hydrocarbons from beneath the land described in Exhibit "A" and depicted in Exhibit "B." Said Oil and Gas Rights are fully assignable and subject to conveyance in accordance with this Lease.
- 2.3 **Injection Rights:** LESSEE shall have the right to inject into the Unitized Formations any substance allowed by 312 IAC 16-3-2, which regulates Class II wells and underground injection. Said approved substances may be injected in an amount in accordance with the regulations of the Department of Natural Resources, and which LESSEE deems expedient for Unit Operations, at any point, on any Unit Area, exclusive of the lands of STATE. LESSEE has the further right to use any producing or abandoned oil and gas wells for such injection purposes, if the use of said abandoned wells complies with the regulations of the Department of Natural Resources.
- 2.4 **Continuation of Agreement in Effect:** Operations conducted with respect to Unitized Formations on any part of the Unit Area or production from any part of the Unitized Formations shall, except for the purpose of determining payments to be made to STATE, be considered as Unit Operations which shall continue this Lease in force and effect as to all lands covered hereby.
- 2.5 **Effective Date:** This Lease shall become effective for all purposes immediately upon the execution hereof.
- 2.6 **Term of Agreement:** This Lease shall remain in force and effect for a period of five (5) years from and after the effective date, and so long after expiration of the primary term as Unitized Substances are produced in paying quantities and Unit Operations are conducted without cessation for more than six (6) months, unless sooner terminated in the manner herein provided. Unit Operator may terminate this Lease upon determining that Unit Operations are no longer profitable or feasible. Unit Operations shall cease upon termination of the Lease; however, Unit Operator shall thereafter have a period of six (6) months within which to salvage and remove all personal property and other facilities and equipment used for Unit Operations, and to immediately plug all wells according to Indiana Code 14-37-8.
- 2.7 **Separate Unit Agreements:** LESSEE shall have the right to enter into separate, further or supplemental Unit Agreements with any owner or owners of Oil and Gas Rights in the Unitized Formations at any time. If STATE is not a party to said further agreements, the rights of STATE under this Lease shall not be altered by any such other agreements, except as specifically provided herein.

PLAN OF OPERATIONS

- 3.1 **Operating Methods, Change Thereof:** To prevent waste, LESSEE may engage in secondary recovery, pressure maintenance or other recovery programs as deemed feasible, necessary or desirable to efficiently and economically increase the recovery of Unitized Substances. Methods of Unit Operation may be discontinued or changed from time to time, in whole or in part, if in good faith and discretion LESSEE determines the method then being employed is no longer in accord with sound engineering or production practices.
- 3.2 **Wells:** Subject to the statutory and regulatory requirements of the Department of Natural Resources relating to oil and gas, and the provisions of Section 3.5, Unit Operator shall have the right to determine the location and manner of drilling all wells in the Unitized Formations and the purpose and extent to which such wells shall be operated. The Unit Operator shall at all times conduct Unit Operations in a reasonable, prudent, efficient and workmanlike manner in accordance with good oil field practice and the rules and regulations of the Indiana Department of Natural Resources. No well shall be drilled in the Unit Area without a permit from the Indiana Department of Natural Resources.
- 3.3 **Further Rights of STATE:** STATE shall have the right to exercise the same privileges and powers against LESSEE, with respect to the Unitized Formations, that any Lessor in the oil or gas leases applicable to privately owned land in any Unit Area would be entitled to exercise. STATE shall also be entitled to enforce all other and additional rights granted to it hereunder and all rights existing by reason of law.
- 3.4 **Exclusive Rights:** STATE covenants and agrees that in exchange for the consideration and agreements herein contained, STATE shall not, during the period in which this Lease remains in force and effect, suffer or permit any person other than LESSEE or its assigns to enter into or upon the lands owned by STATE in the Unit Area for the purpose of exploration, drilling, operation or production of Unitized Substances.
- 3.5 **Surface Use:** Notwithstanding anything to the contrary, expressed or implied herein, LESSEE and its assigns shall not be deemed to be granted any surface rights with respect to STATE lands, but on the contrary, LESSEE covenants and agrees that all of its operations will be conducted from lands other than upon STATE lands. However, LESSEE shall be entitled to enjoy, with respect to the land of STATE, all such rights as are now enjoyed by the general public on said lands, it being the intention of this Section neither to restrict the rights which LESSEE would otherwise enjoy with respect to said STATE lands in the absence of this Lease, nor to grant any further or additional rights, other than the mineral rights herein affected.

TRACT PARTICIPATION

- 4.1 **Participation Formula:** The Tract Participation of each Tract within the Unit Area is determined by the ratio that the surface area of the particular Tract bears to the entire surface acreage of the Unit as set out in Exhibit "A" attached hereto. For the purposes hereof, the Unit Area shall be deemed to contain the STATE Tract depicted in Exhibit "A" attached hereto.
- 4.2 **Tract Participation:** By the application of the formula specified in Section 4.1, it is agreed that the respective Tract Participation of STATE is represented by the acreage of the Tract set for in Exhibit "B" and summarized in Exhibit "C" attached hereto.

ALLOCATION OF UNITIZED SUBSTANCES

- 5.1 **Participation by STATE:** LESSEE covenants and agrees to pay the following royalties: (a) To deliver to the credit of STATE into tank reservoirs or into the pipeline to which LESSEE may connect its wells, one-eighth (1/8th) of the oil produced and saved from the Unitized Formations and allocated to the STATE Tract pursuant to Sections 4.1 and 4.2, STATE'S interest to bear one-eighth (1/8th) of the cost of treating oil to render it marketable pipeline oil as hereinafter set forth, or if LESSEE and STATE are in agreement, LESSEE may sell the oil produced and saved from the Unitized Formations and allocated to the STATE Tract and pay STATE one-eighth (1/8th) of the net amount realized by LESSEE, computed at the wellhead, whether the point of sale is on or off said land; (b) To pay STATE on gas produced from the Unitized Formations and allocated to the STATE Tract (1) when sold by LESSEE, whether the point of sale is on or off said land, one-eighth (1/8th) of the net amount realized by LESSEE, computed at the wellhead, or (2) when used by LESSEE, for purposes other than those specified herein, the market value, at the wellhead, of one-eighth (1/8th) of said gas. LESSEE may pay all taxes and privilege fees levied upon the oil and gas produced, and deduct a proportionate share of the amount so paid from any monies payable to STATE hereunder.
- 5.2 **Sale of Production:** STATE shall be entitled to receive in-kind its share of the Unitized Substances produced from the Unitized Formations and to make provisions for the separate sale of the same. If STATE elects to make such separate sale or to receive such Unitized Substances in-kind, it shall do so only after thirty (30) days notice to Unit Operator and it shall be solely liable for all additional expenses incurred by reason of such separate sale or the segregation of such separate share of the Unitized Substances on the premises. Unless and until notified of the intent to make such separate sale or to receive such share of the Unitized Substances in-kind, Unit Operator shall, for the account of and on behalf of the other parties in interest, sell or dispose of the Unitized Substances.
- 5.3 **Relationship of Parties:** It is expressly stipulated and agreed that STATE shall not at any time be obligated in any manner for any costs, of any nature, expended or incurred in the exploration, development, operation or production of the Unitized Formations, except those costs which may be deducted from production proceeds as set forth in Section 5.1. STATE shall in no way be deemed to exercise control over the production of Unitized Substances except the control a Lessor may exercise as herein above set forth. STATE shall not be considered as having formed any association or other relationship with LESSEE or Unit Operator that would subject STATE to any liability by reason of operations conducted on the Unit. In no event shall LESSEE or Unit Operator be considered the agent of STATE for any purpose other than disposing of production as herein set forth.
- 5.4 **Use or Loss of Unitized Substances:** Unit Operator may use as much of the Unitized Substances as it deems necessary for Unit Operations, including, but not limited to, the injection thereof into Unitized Formations. No payments shall be due to STATE with respect to Unitized Substances used or consumed in Unit Operations, or which otherwise may be lost or consumed in the production, handling, treating, transportation or storing of Unitized Substances. No payments shall be due or payable to STATE with respect to any Outside Substances. If the Outside Substance is gas and is injected into the Unitized Formations, then 100% of any gas subsequently produced from the Unitized Formations and sold or used for other than Unit Operations shall be deemed to be the Outside Substance so injected until the total volume thereof equals the total volume of the Outside Substance so injected. If the Outside Substances injected into the Unitized Formations are liquid hydrocarbons and the Unitized Substances subsequently produced contain such liquid hydrocarbons, as determined by Unit Operator by applicable tests, then commencing on the first

day of the calendar month following such a determination, 100% of oil produced from the Unitized Formations and sold during any month shall be deemed to be the Outside Substances so injected until the total value equals the total cost of the Outside Substances so injected.

- 5.5 **Damage to Unitized Formations:** It is stipulated and agreed that the potential benefits from any secondary recovery or pressure maintenance operations which may hereafter be contemplated will greatly exceed any potential loss by reason of such operations, and that no detriment, injury or damage of whatever nature or character to the Unitized Formations or the productive capacity thereof caused by, growing out of, incident to, or in connection with any secondary recovery operation or arising out of migration of oil as among the Tracts in the Unit Area and any adjacent areas, shall give rise to any cause of action against Unit Operator or the other owners of Oil and Gas Rights in and to the Unitized Formations underlying the Unit Area.

MISCELLANEOUS PROVISIONS

- 6.1 **Covenant Running With the Land:** This Lease shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto, and shall constitute a covenant running with the lands and interests covered hereby. Any conveyance of all or any part of any Unit shall be made expressly subject to this Lease. No changes of title shall be binding upon the Unit Operator or upon any party hereto other than the party so transferring until the first day of the calendar month next succeeding the day of receipt by Unit Operator of a photocopy or a certified copy of the recorded instrument evidencing such change of ownership.
- 6.2 **Relationship of Parties:** The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This Lease is not intended to create, and shall not be considered to create, an association or trust, or to impose any partnership duty, obligation or liability with regard to the parties hereto.
- 6.3 **Force Majeure:** All obligations imposed by this Lease, except for the payment of money, shall be suspended while compliance is prevented, in whole or in part, by a strike, fire, civil disturbance, Act of God, by Federal, State or Municipal laws, by any rule, regulation or order of a Governmental agency, by inability to secure materials, or by any other cause beyond the reasonable control of LESSEE. No party shall be required against its will to adjust or settle any labor dispute. This Lease shall not be terminated by reason of suspension of Unit Operations due to any one or more of the causes set forth in this Section.
- 6.4 **Personal Property:** All equipment placed by Unit Operator in or on any portion of the Unit Area shall remain personal property and no part thereof shall become part of the realty. All such personal property shall remain the property of the Unit Operator or other persons entitled to share therein by agreement with Unit Operator. To the extent necessary to accomplish such result, Unit Operator excepts from the terms of this Lease, and hereby severs from said lands for all purposes, all such personal property and equipment; except that STATE shall in no way be limited in the exercise of its regulatory authority. Upon revocation of a drilling permit, Indiana Code 14-37-13-2 grants the Commission authority to attach a lien on casing and all equipment located on or removed from the well site, and the leasehold of the land upon which the well is located. STATE preserves this and all other rights and powers established by law.
- 6.5 **Indemnity:** LESSEE shall hold harmless STATE, its officers, agents and employees, from any and all claims for damages to property of, or injury to, or death of, any person present or entering upon the land described in Exhibit "A." LESSEE shall further hold STATE harmless from any and all claims for damages to property of, or death to any person in any way resulting from, or caused by,

the use and occupancy of or by any acts or omissions committed on the said land. LESSEE'S obligations hereunder to hold STATE harmless shall specifically include, but shall not be limited to, any damage to the property of LESSEE, its agents and employees, and injury to, or the death of, the agent and employees of LESSEE.

- 6.6 **Successor Unit Operator:** Initial Unit Operator shall have the right to sell or transfer the whole or any part of its interest in and to the Oil and Gas Rights in and to the Unit subject to this paragraph. However, Unit Operator shall first provide written notification to STATE of its intention to do so and obtain the written approval of STATE, which STATE shall not unreasonably withhold. The successor in interest shall then succeed to the rights and become subject to the obligations of the initial Unit Operator under this Lease.
- 6.7 **Separability of Provisions:** Should any portion of this Lease violate any law, rule, regulation or order of any authority having jurisdiction over the premises, or any portion is unenforceable for any reason, said portion shall be deemed to be separate from the remaining Lease which shall continue in full force and effect.
- 6.8 **Lease Signing Bonus:** Upon final execution of this Lease, LESSEE shall pay to STATE the sum of \$20.00 for each acre or fraction thereof of STATE land within the Unit Area, or \$500.00, whichever is greater.
- 6.9 **Annual Lease Rental:** During the primary term of this Lease and prior to the production of oil or gas within the Unit Area, LESSEE shall be obligated to pay an Annual Lease Rental to STATE in the sum of \$20.00 for each acre or fraction thereof of STATE lands within the Unit Area. LESSEE opts to pay the Annual Lease Rental for each of the five (5) years in full, simultaneously with the Lease Signing Bonus required pursuant to Section 6.8 of this Lease. The Annual Lease Rental Payments made by LESSEE may be credited against future royalties allocated to STATE under Section 5.1.

NONDISCRIMINATION CLAUSE

- 7.1 **Standard:** Pursuant to Indiana Code 22-9-1-10 and Civil Rights Act of 1964, LESSEE and its agents, and successors, if any, shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Lease, with respect to hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, age, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of this Lease. Acceptance of this Lease also signifies compliance with applicable Federal laws, regulations and Executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran.

CONFLICT OF INTEREST CLAUSE

- 8.1 **Definitions:** As used in this paragraph: "Immediate family" means the spouse and the unemancipated children of an individual. "Interested party" means: A) the individual executing this Lease; B) an individual who has an interest of three percent (3%) or more of LESSEE, if LESSEE is not an individual; or C) any member of the immediate family of an individual specified under Sections 8.2 or 8.3. "Department" means the Indiana Department of Administration. "Commission" means the State Ethics Commission.

- 8.2 **Cancellation:** The Department may cancel this Lease without recourse by LESSEE if any interested party is an employee of the State of Indiana.
- 8.3 **Response:** The Department will not exercise its right of cancellation under subparagraph 8.2 if LESSEE gives the Department an opinion by the Commission indicating that the existence of this Lease and the employment by the State of Indiana of the interest party does not violate any statute or code relating to ethical conduct of state employees. The Department may take action, including cancellation of this Lease consistent with an opinion of the Commission obtained under this Section.
- 8.4 **Disclosure:** LESSEE has an affirmative obligation under this Lease to disclose to the Department when an interested party is or becomes an employee of the State of Indiana. The obligation under this Section extends only to those facts that LESSEE knows or reasonably could know.

CANCELLATION CLAUSE

- 9.1 **State Budget:** If the Director of the State Budget Agency makes a written determination that STATE funds are not appropriated or otherwise available to support continuation of this Lease, the Unitization Agreement shall be cancelled. A determination by the Budget Director that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

DRUG FREE WORKPLACE CERTIFICATION CLAUSE

- 10.1 **Notice:** LESSEE hereby covenants and agrees to make a good faith effort to insure that the location upon which the terms of this Lease shall be implemented, being the site of an oil and/or gas well, be a drug-free workplace. LESSEE will give written notice to STATE within ten (10) days after receiving actual notice that an employee has been convicted of a criminal drug violation occurring on the well site.
- 10.2 **Sanctions:** False certification or violation of the certification may result in sanctions including, but not limited to, suspension or termination of this Lease and/or being barred from entering into future Leases with STATE for up to three (3) years.
- 10.3 **Contracts over \$25,000:** If the total payment amount set forth in this Lease is in excess of \$25,000.00, LESSEE further agrees to be subject to the terms, conditions and representations of the following certification required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Indiana Department of Administration requires the inclusion of this certification in all agreements with the State of Indiana in excess of \$25,000.00. No award of the Lease amount shall be made, and no purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by LESSEE and made a part of the Lease. LESSEE certifies and agrees that it will implement the following steps to promote a drug-free well site:

- A. Publish and provide to all well site employees a statement that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in LESSEE'S workplace and that actions will be taken against employees for violations of such prohibition;
- B. Establish a drug-free awareness program to inform their well site employees of (1) the dangers of drug abuse in the workplace; (2) LESSEE'S policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;
- C. Notify all well site employees in the statement required by subparagraph (a) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify LESSEE of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D. Notify STATE in writing within ten (10) days after receiving notice as described in Section (c)(2) above from a well site employee, or otherwise receiving actual notice of such conviction;
- E. Within thirty (30) days after receiving notice as described in Section (c)(2) above of a conviction, impose the following sanctions or remedial measures on any well site employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency;
- F. Make a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

TELEPHONE SOLICITAION

11.1 Compliance with Telephone Solicitations Act by LESSEE: Pursuant to IC 5-22-3-7, LESSEE and any principals of LESSEE certify that LESSEE:

A. Except for de minimis and nonsystematic violations, has not violated the terms of:

- (i) IC 24-4.7 (Telephone Solicitation of Consumers)
- (ii) IC 24-5-12 (Telephone Solicitations) or
- (iii) IC 24-5-14 (Regulation of Automatic Dialing Machines)

in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and

B. Will not violate the terms of IC 24-4.7 for the duration of the Contract, even if IC 24-4.7 is preempted by federal law.

11.2 **Compliance with Telephone Solicitations Act by Affiliate or Agent:** Pursuant to IC 5-22-3-7, PERMITTEE and any principals of PERMITTEE certify that an affiliate or principal of PERMITTEE and any agent acting on behalf of PERMITTEE or on behalf of an affiliate or principal of PERMITTEE:

A. Except for de minimis and nonsystematic violations, has not violated the terms of:

- (i) IC 24-4.7 [Telephone Solicitation of Consumers]
- (ii) IC 24-5-12 [Telephone Solicitations] or
- (iii) IC 24-5-14 [Regulation of Automatic Dialing Machines]

in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and

B. Will not violate the terms of IC 24-4.7 for the duration of the Contract, even if IC 24-4.7 is preempted by federal law.

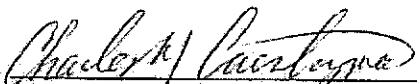
NON-COLLUSION AND ACCEPTANCE CLAUSE

12.1 **Oath:** The undersigned attests under penalties of perjury as the contracting party or representative, agent, member or officer of the contracting party, that no member, employee, representative, agent or officer of the firm, company, corporation or partnership represented, has to the best of his/her knowledge, offered to enter into or entered into any agreement to receive money or pay money, or received or paid any money or other consideration for the execution of this Unitization Agreement other than that which appears upon the face hereof.

WITNESS THE EXECUTION HEREOF by the parties hereto on the dates of their respective acknowledgments below, but effective as above set forth, and dated for identification as first set forth in the premises hereof.

Elysium Energy, L.L.C.

This 22 day of March, 2007.



BY: CHARLES M. COUNTRYMAN
Attorney-in-Fact for Elysium Energy, L.L.C.

ACKNOWLEDGMENT

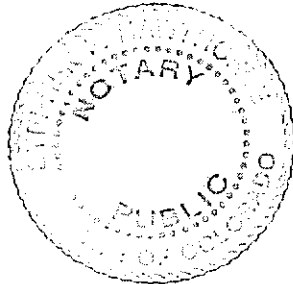
STATE OF COLORADO)
) SS
COUNTY OF DENVER)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared CHARLES M. COUNTRYMAN, Attorney-in-Fact for Elysium Energy, L.L.C., who acknowledged the execution of the foregoing instrument.

WITNESS, my hand and Notarial Seal this 22nd day of March, 2007.

My commission expires:
11-06-2010

[Signature]
Notary Public in Denver County, Colorado

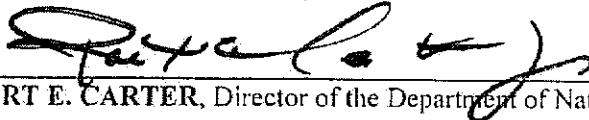


1) INDIANA DEPARTMENT OF NATURAL RESOURCES

DIRECTOR: Robert E. Carter
402 West Washington Street
Room W255 East
Indianapolis, Indiana 46204

STATE OF INDIANA
INDIANA DEPARTMENT OF NATURAL RESOURCES

ACCEPTED this 17 day of Apr., 2007.



BY: ROBERT E. CARTER, Director of the Department of Natural Resources

ACKNOWLEDGMENT

STATE OF INDIANA)
) SS
COUNTY OF MARION)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared ROBERT E. CARTER, Director of the Department of Natural Resources, who acknowledged the execution of the foregoing instrument.

WITNESS, my hand and Notarial Seal this 17 day of April, 2007.

My commission expires:
April 14, 2009


Notary Public in Marion County, Indiana

2) INDIANA DEPARTMENT OF TRANSPORTATION

COMMISSIONER: Karl B. Browning
INDOT Executive Staff
100 North Senate Avenue
Indiana Government Center North, Room N755
Indianapolis, Indiana 46204

STATE OF INDIANA
INDIANA DEPARTMENT OF TRANSPORTATION

Approved this 10th day of May, 2007.

Karl B. Browning
BY: **KARL B. BROWNING**, Commissioner of the Department of Transportation

ACKNOWLEDGMENT

STATE OF INDIANA)
) SS
COUNTY OF MARION)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared KARL B. BROWNING, Commissioner of the Department of Transportation, who acknowledged the execution of the foregoing instrument.

WITNESS, my hand and Notarial Seal this 10th day of May, 2007.

My commission expires:
01/06/2012

(MARICAR GONZALES)
Notary Public in Marion County, Indiana

3) INDIANA STATE BUDGET AGENCY

DIRECTOR: Christopher Ruhl
200 West Washington Street
Indianapolis, Indiana 46204

STATE OF INDIANA
INDIANA STATE BUDGET AGENCY

Approved as to form, substance and legality this 20th day of July, 2007.

for *Allice E. Hieganer*
BY: CHRISTOPHER RUHL, Director of the Budget Agency

4) INDIANA DEPARTMENT OF ADMINISTRATION

COMMISSIONER: Carrie Henderson
Indiana Government Center South
402 West Washington Street, Room W478
Indianapolis, Indiana 46204

STATE OF INDIANA
INDIANA DEPARTMENT OF ADMINISTRATION

Approved as to form, substance and legality this 18th day of July, 2007.

C. Henderson
For: BY: CARRIE HENDERSON, Commissioner of the Department of Administration

OFFICE OF THE INDIANA ATTORNEY GENERAL

ATTORNEY GENERAL: Steve Carter
Indiana Government Center South
302 West Washington Street
Indianapolis, IN 46204

STATE OF INDIANA
OFFICE OF THE ATTORNEY GENERAL

APPROVED as to form, substance and legality this 6th day of August, 2007.

Donna S. Sembroski
BY: STEVE CARTER, Attorney General for the State of Indiana
FOR

EXHIBIT "A-1"
Legal Description of STATE Tract within Drilling Unit

A part of the Northwest Quarter of the Southeast Quarter of Section 5, Township 6 North, Range 9 West, Sullivan County, Indiana, described as follows: Beginning at the intersection of the West line of said Quarter-Quarter Section and the North boundary of State Road 58, said point of beginning being on the West line of the owner's land; thence Northerly 45.00 feet along said West line; thence North 89 degrees 51 minutes 00 seconds East 321.97 feet; thence Southeasterly 461.78 feet along an arc to the right and having a radius of 2,361.83 feet and subtended by a long cord having a bearing of South 84 degrees 32 minutes 56 seconds East and a length of 461.05 feet to said North boundary of State Road 58; thence Westerly 780.82 feet along said North boundary to the point of beginning and containing 0.649 acres, more or less.

EXHIBIT "A-2"
Legal Descriptions of Leased Tracts in Drilling Unit

Tract 1-1

The Northwest Quarter of the Southeast Quarter of Section 5, Township 6 North, Range 9 West, containing 40 acres, excepting therefrom the following described parcel:

Commencing at the Southeast corner of the Northwest Quarter of the Southeast Quarter of said Section 5; thence North 00 degrees 23 minutes West a distance of 25 feet to the point of beginning, said point is on the North right-of-way line of Indiana State Highway #58; thence South 89 degrees 51 minutes West on and along said right-of-way a distance of 208.71 feet; thence North 00 degrees 23 minutes West a distance of 208.71 feet; thence North 89 degrees 51 minutes East a distance of 208.71 feet; thence South 00 degrees 23 minutes East a distance of 208.71 feet to the point of beginning, said tract contains 1.00 acre. **[Said exception being Tract 1-1A.]**

Also, excepting therefrom the following described parcel:

Beginning at the intersection of the West line of said Quarter-Quarter Section and the North boundary of State Road 58, said point of beginning being on the West line of the owner's land; thence Northerly 45.00 feet along said West line; thence North 89 degrees 51 minutes 00 seconds East 321.97 feet; thence Southeasterly 461.78 feet along an arc to the right and having a radius of 2,361.83 feet and subtended by a long cord having a bearing of South 84 degrees 32 minutes 56 seconds East and a length of 461.05 feet to said North boundary of State Road 58; thence Westerly 780.82 feet along said North boundary to the point of beginning and containing 0.649 acres, more or less. **[Said exception being Tract 1-1B.]**

Containing in all, less said two exceptions, 38.351 acres, more or less.

Tract 1-1A

Part of the Northwest Quarter of the Southeast Quarter of Section 5, Township 6 North, Range 9 West, described as follows:

Commencing at the Southeast corner of the Northwest Quarter of the Southeast Quarter of said Section 5; thence North 00 degrees 23 minutes West a distance of 25 feet to the point of beginning, said point is on the North right-of-way line of Indiana State Highway #58; thence South 89 degrees 51 minutes West on and along said right-of-way a distance of 208.71 feet; thence North 00 degrees 23 minutes West a distance of 208.71 feet; thence North 89 degrees 51 minutes East a distance of 208.71 feet; thence South 00 degrees 23 minutes East a distance of 208.71 feet to the point of beginning, said tract contains 1.00 acre.

Tract 1-3

The Northeast Quarter of the Southeast Quarter of Section 5, Township 6 North, Range 9 West, containing 40.00 acres, more or less.

Tract 2-1

Lot Number One (1) containing 40.00 acres and Lot Number Seven (7) containing 32 acres all in Fractional Section 5, Township 6 North, Range 9 West, and containing in all 72 acres, more or less.

Tract 2-2A

Lot Number Two (2) of Fractional Section 5, Township 6 North, Range 9 West, except twenty (20) feet off of the West side thereof and containing, exclusive of said except, 58 acres, more or less.

Tract 2-2B

A strip of land twenty (20) feet wide off of the entire length of the West side of Lot number Two (2) being a part of the Northeast Quarter of Fractional Section 5, Township 6 North, Range 9 West, containing 1.5 acres.

Tract 2-2C

Lot Number Ten (10) in Fractional Section 5, Township 6 North, Range 9 West, containing 55.8 acres, more or less.

Tract 2-2D

Lot Number Thirteen (13) in Fractional Section 5, Township 6 North, Range 9 West, containing 40.00 acres, more or less.

Tract 2-3

Lot Number Twelve (12) in Fractional Section 5, Township 6 North, Range 9 West, containing 40.00 acres, more or less, excepting therefrom 172 feet 10 inches of even width off the entire West side thereof, containing 5.5 acres, containing less said exception, 34.50 acres, more or less.

Tract 2-4

172 feet 10 inches of even width off the entire West side of Lot Twelve (12) of Fractional Section 5, Township 6 North, Range 9 West, containing 5.5 acres, more or less.

Tract 2-5

Lot Number Eleven (11) containing 42 acres in Fractional Section 5, Township 6 North,
Range 9 West.

EXHIBIT "B-1"

Depiction of Leased Acreage, Separately Owned Interest and Established Drilling Unit
Section 5, Township 6 North, Range 9 West, Sullivan County, Indiana

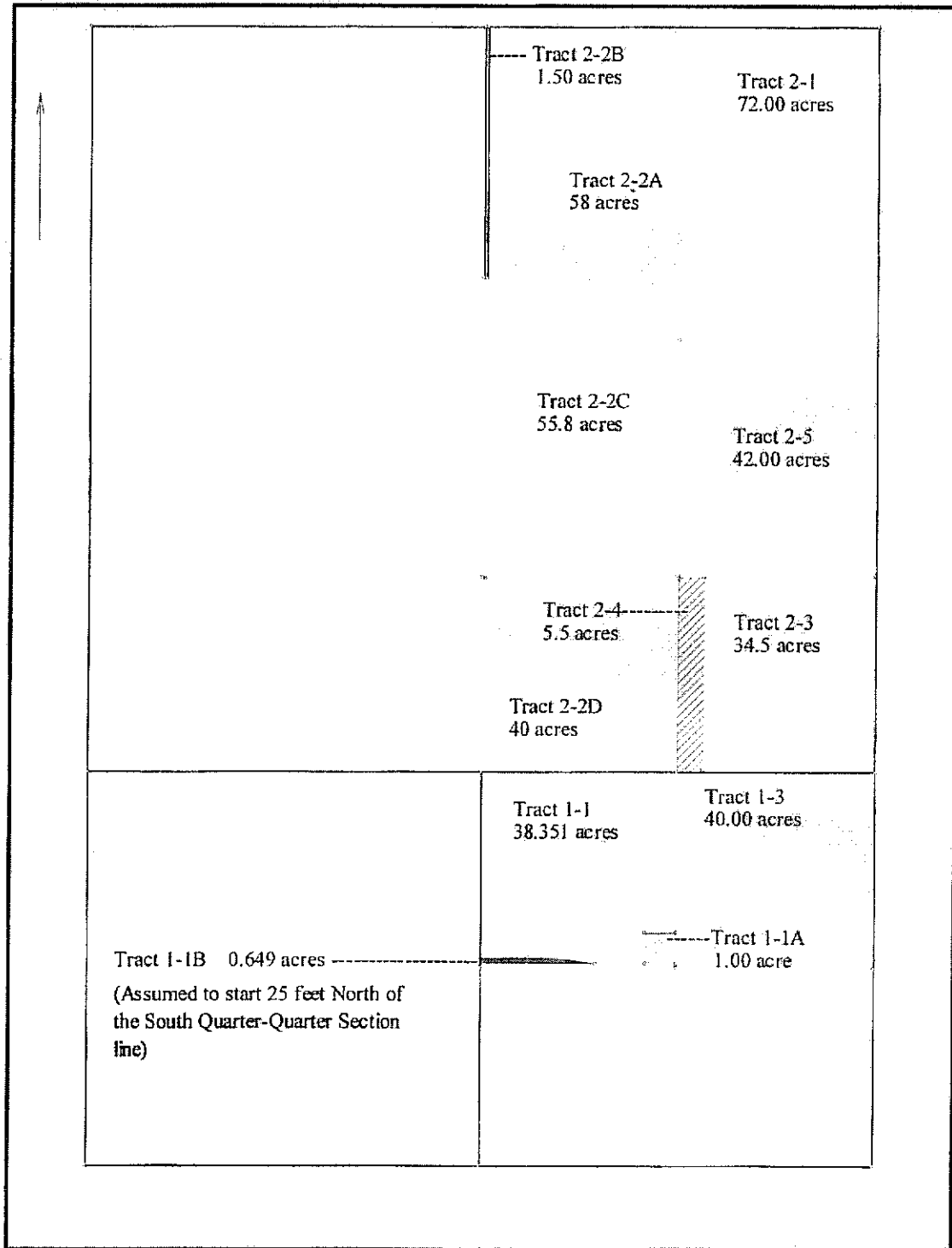
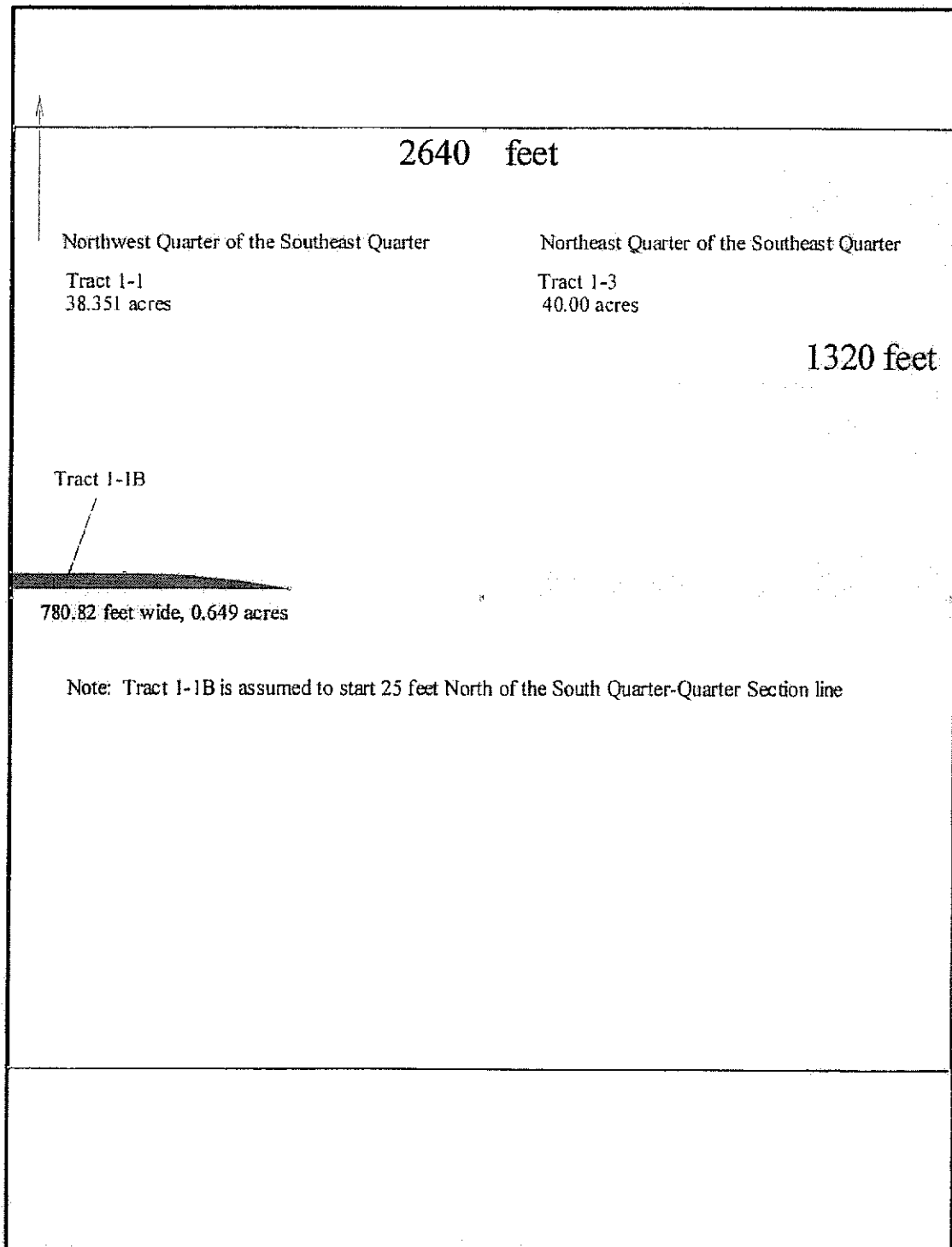


EXHIBIT "B-2"
Depiction of Separately Owned Interest
Section 5, Township 6 North, Range 9 West, Sullivan County, Indiana



MEMORANDUM OF UNITIZATION AGREEMENT
ELLERMAN 1-5H UNIT

This Memorandum of Unitization Agreement is executed by Herschel McDivitt, Director of the Indiana Department of Natural Resources, Division of Oil and Gas, to evidence the existence of a Unitization Agreement pertaining to the **ELLERMAN 1-5H UNIT** (hereinafter referred to as "Unit Area"), described as that part of Section 5, Township 6 North, Range 9 West, located North of State Road #58, containing 389.30 acres, more or less. Said Unitization Agreement, effective August 6, 2007, was executed by the following parties on the following dates:

- o March 22, 2007, by Charles M. Countryman, Attorney-in-Fact for Elysium Energy, L.L.C.
- o April 17, 2007, by Robert E. Carter, Director of the Department of Natural Resources.
- o May 10, 2007, by Karl B. Browning, Commissioner of the Department of Transportation.
- o July 20, 2007, by Christopher Ruhl, Director of the Budget Agency
- o July 18, 2007, by Carrie Henderson, Commissioner of the Department of Administration
- o August 6, 2007, approved as to form by the Office of the Attorney General.

The Unitization Agreement was entered into by and between Elysium Energy, L.L.C., Post Office Box 310, Crossville, Illinois 62827, hereinafter referred to as "LESSEE," and the State of Indiana, acting through the Indiana Department of Natural Resources, hereinafter referred to as "STATE." LESSEE owns the oil and gas leasehold estates covering all of the land in the Unit Area except for the land owned by STATE, described as follows:

A part of the Northwest Quarter of the Southeast Quarter of Section 5, Township 6 North, Range 9 West, Sullivan County, Indiana, described as follows: Beginning at the intersection of the West line of said Quarter-Quarter Section and the North boundary of State Road 58, said point of beginning being on the West line of the owner's land; thence Northerly 45.00 feet along said West line; thence North 89 degrees 51 minutes 00 seconds East 321.97 feet; thence Southeasterly 461.78 feet along an arc to the right and having a radius of 2,361.83 feet and subtended by a long cord having a bearing of South 84 degrees 32 minutes 56 seconds East and a length of 461.05 feet to said North boundary of State Road 58; thence Westerly 780.82 feet along said North boundary to the point of beginning and containing 0.649 acres, more or less.

Through the Unitization Agreement, the parties entered into an Oil and Gas Lease and Unit Lease Agreement for the purpose of cooperative exploration, development and operation of the lands hereinafter described for oil, gas and other petroleum hydrocarbons and for the purpose of the exploration, development and operation of said lands as a unit. The Unitization Agreement shall remain in force and effect for a period of five (5) years from and after the effective date, and so long after expiration of the primary term as Unitized Substances are produced in paying quantities and Unit Operations are conducted.

DATED this 27th day of August, 2008.

Herschel R. McDivitt

BY: Herschel McDivitt, Director of the Division of Oil and Gas

ACKNOWLEDGMENT

STATE OF INDIANA)
) SS
COUNTY OF MARION)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Herschel McDivitt, Director of the Division of Oil and Gas, who acknowledged the execution of the foregoing instrument.

WITNESS, my hand and Notarial Seal this 27th day of August, 2008.

My commission expires:
April 14, 2009

Cheryl Ann Hampton
Notary Public in Marion County, Indiana

Instrument prepared by: Karen J. Anspaugh, Attorney at Law, 49 Boone Village, Suite 168, Zionsville, Indiana 46077.

Declaration: I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law.

Signature

Karen J. Anspaugh
Attorney at Law

49 Boone Village, Suite 168
Zionsville, Indiana 46077
Tel: (317) 873-4798
Cell: (231) 668-1934

Post Office Box 4212
Traverse City, Michigan 49685
Tel: (231) 228-2218
kja@anspaughlaw.com

November 17, 2008

Attn: Mona Nemecek
Department of Natural Resources
Division of Oil and Gas
402 West Washington Street, Room W293
Indianapolis, Indiana 46204

RE: Noble Energy, Inc.- Sullivan County, Indiana

Dear Mona:

Please find enclosed a Petition for Exception to General Unit Size and Well Spacing Requirements pertaining to the Ellerman 1-5CBM drilling unit as well as the Middlefork 1-6H drilling unit. Also enclosed, is a Petition to Establish a Drilling Unit pertaining to the Ridgway 1-4H drilling unit.

Thank you for your assistance with this matter.

Sincerely,



Karen J. Anspaugh